

DRAFT

BDAC Finance Work Group

Meeting Summary

April 4, 1997

- **Status Updates**

Information reports were provided on the current status of the federal budget activities related to the FY98 federal budget. A hearing is scheduled for April 17 in Congress relating to the CALFED funding request. Stakeholders and federal staff will be preparing testimony for presentation at this hearing.

State and federal representatives have begun meeting to develop a cost sharing agreement in compliance with the provisions of Prop 204 and expected requirement for such an agreement in FY98 budget language. The group is being called the State/federal Cost Sharing Group. The agreement is expected to provide a framework of principles for the long-term solution, as well as address more immediate need for a spending agreement over the next few years. The goal is to have the agreement completed by August 1997.

Work group members expressed interest in the potential contents of the agreement, and expressed concern over two main points:

- including principles relating to the long-term solution may be difficult to accomplish in the required amount of time given the complexity of some of the issues in question.
- stakeholders would like to be informed and involved in the discussions relating to creating the agreement.

Staff responded that the current plan is to encourage stakeholder comment and participation through the BDAC Finance Work Group and other venues. The long-term principles are expected to be developed initially in the Finance Work Group, then forwarded to BDAC and CALFED for consideration in the cost sharing agreement.

- **Case Study**

A draft Financial Case Study was distributed. Lester Snow explained the change in approach from one of calculating cost allocations to establishing a framework of principles for the long term Program. This approach is consistent with the work of the State/federal Cost Sharing Group and their need for input on long term principles.

Staff explained the example alternative included in the Case Study. Although no cost details were provided, the purpose of the example alternative was to assist in judging the practical implications of policy statements. Work Group members made substantial comments to the initial list of principles included in the draft, and agreed to continue the discussion at the next meeting of the Work Group.